

9/1/2017

To  
The Superintendent of Police,  
Anti Corruption Bureau,  
Central Bureau of Investigation,  
III Floor, Shastri Bhavan No. 26, Haddows Road,  
Nungambakkam, Chennai 600006

Sir,

Sub: Complaint against Mr Rammohan Rao IAS, Ms Selvi Apoorva IAS and all other associates under Prevention of Corruption Act, 1988

Arappor Iyakkam is an anti corruption movement that has been working towards Transparency and Accountability in TamilNadu. I am making this complaint of Corruption with prima facie evidences against former Secretary to Chief Minister of TamilNadu and former Chief Secretary to Govt of TamilNadu, Mr Ram Mohan Rao and many other associates of him who were party to his conspiracy.

Mr RamMohan Rao as Secretary to Chief Minister misused his powers to pressurize TamilNadu Medical Services Commission to award a tender worth around Rs 520,00,00,000 (Five Hundred and twenty crores) to his own Benami company Padmavathi Hospitality and Facility Management Services which is run by his son's partner.

**Facts of the case:**

1. The Directorate of Medical Education (DME) gives a requirement to the TamilNadu Medical Supplies Corporation (TNMSC) for outsourcing of housekeeping and security services.
2. The TamilNadu Medical Supplies Corporation headed by its Managing Director Ms (Selvi) Apoorva floats a tender namely **BIDREFERENCE:1802/TNMSC/ENGG/2016 dt.08.01.2016** for outsourcing of housekeeping and security services for a total of 37 Government Hospitals and

20 Medical Colleges that comes under the control of the DME. The tender document (Evidence Attached - Reference 1) sets some basic criteria such as

- The bidder must be registered under Indian Companies Act 1956
- The bidder must have experience of servicing atleast 1 lakh sq.ft in any of the last 5 years
- The bidder must have had a turnover of atleast Rs 10 crores in any of the previous 3 years and many more

Also, the total contract period was mentioned as 2 years.

3. The last date of submission for bidders is 28/1/2016. However through a notification, the deadline has been extended to 5/2/2016 (Evidence Attached - Reference 2)
4. Ram Mohan Rao and his associates finds that Padmavathi Hospitality and Facility Management Services is not eligible to compete in the tender as the very first important criteria is that only firms registered under Indian Companies Act, 1956 can participate. This means that only Public and Private Limited companies can participate in the tender. The reason for such a rational is obvious as it is always better to handover huge tenders to more accountable and publically scrutinizable firms such as the private and public Ltd rather than propriety and partnership firms whose compliances are very limited.
5. It has to be noted that Padmavathi Hospitality and Facility Management Services is a partnership firm with Bhaskar Naidu Kanumuri as a partner (Evidence Attached - Reference 3). Bhaskar Naidu Kanumuri is the Director of Swan facilities Pvt Ltd along with Vivek Papisetty, the son of former Chief Secretary, TN Mr RamMohan Rao.
6. One day before the deadline of the bid submission on 4/2/16, Mr RamMohan Rao as Secretary to Chief Minister misused his powers and conspired with the officials of TNMSC to change the basic eligibility criteria and extended the deadline to 16/2/2016 (Evidence Attached - Reference 4). With absolutely no necessity, a corrigendum is issued and amendments were made to the eligibility criteria. One of the main change that was made to pave way for the entry of the Successful bidder was to change the type of firms that could participate in the bid. Instead of only Public/ Private Ltd, the amendment included Partnership and Propriety ship concerns as well to compete (Evidence Attached - Reference 5). This paved the way for the entry of the successful bidder Padmavathi Hospitality and Facility Management Services to become eligible for bidding
7. If one were to say that this was done so that more people could participate in the bid, the other criteria amendments are aimed at further decreasing the competition, clearly proving the conspiracy. The 1 lakh floor space experience in any of the last 5 years was increased to 10 lakhs. The turnover of Rs 10 crore requirement in any of the last 3 years was increased to Rs 20 crores. The

contract period from being 2 years was increased to 3 years with a clause that it could be extended to the fourth year as well based on mutual consent (Evidence Attached - Reference 5). All these criterias have been changed to favour one Partnership company Padmavathi Hospitality and Facility Management Services.

8. In the Central Vigilance Commission Guidelines on Tenders document "COMMON IRREGULARITIES/LAPSES OBSERVED IN AWARD AND EXECUTION OF ELECTRICAL, MECHANICAL AND OTHER ALLIED CONTRACTS AND GUIDELINES FOR IMPROVEMENT THEREOF", it is clearly mentioned that changes in pre qualification criteria must be advertised in media and should not be restricted only to those who bought the tender documents. It needs to be investigated if any advertisement in newspapers were given after issue of Corrigendum.
9. The results of the technical bid further proves the conspiracy. The Evaluation report of the technical committee shortlists 6 companies out of which only Padmavathi Hospitality and Facility Management Services is a partnership firm and all the other 5 companies are Private/ Public Ltd (Evidence Attached - Reference 6). This further goes to prove clearly that the amendments brought about by the TNMSC without any Justification is only to favour associates of Ram Mohan Rao Padmavathi Hospitality and Facility Management Services. It should be noted that the DME have also not made any changes in requirements in between after the tender was floated and therefore TNMSC in conspiracy with RamMohan Rao have brought about this amendment in the eligibility criteria only to favour a particular concern.
10. The CVC guidelines document lists out several case studies of deficiencies and irregularities. The CVC guidelines clearly mentions that if the eligibility criteria are changed to suit a particular successful bidder by either relaxing or adding clauses then it amounts to irregularity.
11. Also, the TamilNadu Tender Transparency rules 2000 mention that a 1 month notice needs to be given for tenders of value above Rs 2 crores. However, as we can see in this tender, after amending the basic criteria of eligibility, the deadline has been extended only for 11 days. (Evidence Attached - Reference 4).
12. Finally, Padmavathi Hospitality and Facility Management Services turns out to be lowest bidder and was awarded the contract. The Contract for the first year for Rs 1,29,86,52,203 (almost Rs 130 crores for 1<sup>st</sup> year) was signed between Padmavathi Hospitality and Facility Management Services and the Directorate of Medical Education (DME) on 30/4/2016 (Evidence Attached - Reference 7). If we calculate conservatively without the escalation costs for 4 years, this contract is worth a minimum of Rs 520 crores. The contract also allows for escalation each year.
13. It was also found that one of the witness who signed in the above contract, Mr P. Srinivasa Rao is the brother of the former Chief Secretary Mr Ram Mohan Rao,

IAS. This further goes on to prove that this is a company run by Mr RamMohan Rao's very close associates and relatives.

14. The act of Mr RamMohan Rao misusing his powers as Secretary to Chief Minister to favour himself or any particular person clearly classifies as an act of Corruption under the Criminal Misconduct of the Prevention of Corruption Act, 1988 which is liable upto 7 years of imprisonment.
15. Apart from this, while the tender document clearly spells out the total number of staffs to be deployed as 8672 in these 57 Hospitals + Medical Colleges, Arappor lyakkam has found through Whistleblowers inside the hospitals that not even half the staffs are deployed in reality. The Resident Medical Officers and the Doctors are forced to give a good review even though there are severe lapses in the housekeeping work. Inflated attendance of staffs and fake invoicing are common practices of Padmavathi Hospitality and Facility Management Services to swindle the Government money. The evidences on this front can only be unearthed through a thorough investigation by the Investigating Agency in all the concerned hospitals and also into the accounts of the firm.
16. It must be noted that Infection related diseases tops the major reasons for hospital deaths and it arises primarily due to unclean environment. Therefore the above corruption apart from favoring a particular concern also is leading to medical negligence affecting the people of the TamilNadu in a big way.

### **Prayer**

We have collected and provided enough Prima facie evidence against Mr RamMohan Rao, his associates and officials of TNMSC We request the CBI to do the following immediately

1. File a case of Corruption under Criminal Misconduct of Prevention of Corruption Act, 1988 against Mr RamMohan Rao, his associates of Padmavathi Hospitality and Facility Management Services, Ms Selvi Apoorva IAS and other officials of TNMSC for conspiring to change the tender rules to favour one company owned by Mr RamMohan Rao's associates. We demand that they be arrested immediately given the prima facie evidences submitted.
2. The CBI must undertake a thorough investigation into the accounts of Padmavathi Hospitality and Facility Management Services as well as into their services at the Government Hospitals and Medical Colleges and bring out the evidences in their over invoicing, faking attendance of staffs etc.
3. The CBI must also probe the role of Health Secretary Mr J. Radhakrishnan and Health Minister Mr C. VijayaBhaskar in the tender process as they head the Department of Health and Family Welfare. The Health Secretary is also on the

board of TNMSC. Huge contracts such as this cannot go unnoticed and hence their role in the conspiracy must also be investigated

4. The Tender must be immediately called off and fresh tenders should be floated afresh .

Sincerely,

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